



*RENEWABLE
ENERGY
PROGRAM*

**CALIFORNIA
ENERGY
COMMISSION**

EXISTING RENEWABLE FACILITIES PROGRAM

SECOND EDITION

GUIDEBOOK

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These guidelines were formally adopted by the California Energy Commission on February 19, 2003, pursuant to Public Utilities Code section 383.5, subdivision (h) and subsequently revised pursuant to Public Resources Code section 25747, subdivision (a), on November 30, 2005.

The pre-determined target prices and incentive caps for each tier are shown in Table 1 below.² The Energy Commission may adjust the target prices and incentive caps if appropriate to reflect changing market and contractual conditions and to account for inflation. At this time the Energy Commission does not see a need to adjust the target prices for inflation. However, the Energy Commission plans to revisit the issue of inflation adjustments and, if appropriate, make necessary changes to target prices to account for changing market conditions.

Effective November 1, 2005, the target price and incentive cap for Tier 1 biomass facilities **ONLY** will be increased by 0.8 cents/kWh and 0.5 cents/kWh, respectively for eligible generation produced from November 1, 2005 through April 30, 2006. The target price will be 6.17 cents/kWh and the incentive cap will be 1.5 cents/kWh for Tier 1 biomass facilities during this period, respectively.

Effective May 1, 2006, the target price and incentive cap for Tier 1 biomass facilities **ONLY** will be increased by 0.5 cents/kWh above the current level, for eligible generation produced from May 1, 2006 through June 30, 2006. The target price and incentive cap for Tier 1 biomass facilities during this period will be 5.87 cents/kWh and 1.5 cents/kWh, respectively.

Table 1
Target Prices and Payment Caps
for Existing Renewable Facilities
(cents per kWh)

		2002	2003	2004	2005*	2006*
Tier 1 (Biomass, Solar Thermal)	Target Price	5.50	5.37	5.37	5.37	5.37
	Cap	1.0	1.0	1.0	1.0	1.0
Tier 2 (Wind)	Target Price	3.8	3.8	3.8	3.8	3.8
	Cap	1.0	1.0	1.0	1.0	1.0

* The Target Price for Tier 1 biomass **ONLY** will be 6.17 cents/kWh for November 1, 2005 through April 30, 2006 generation, and 5.87 cents/kWh for May 1, 2006 through June 30, 2006 generation. The Cap for Tier 1 biomass **ONLY** will be 1.5 cents/kWh for November 1, 2005 through June 30, 2006 generation.

² The target prices and caps shown in Table 1 differ from those in the Commission's Investment Plan, *Investing in Renewable Electricity Generation in California (P500-00-022, June 2001)*, due to changes in market conditions since the Investment Plan was published.